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BOOK DEPARTMENT

THE BUSINESS MAN'S LIBRARY

ACCOUNTING, AUDITING AND COST KEEPING

SCOVELL, CLINTON H. *Cost Accounting and Burden Application*. Pp. xiv, 328. Price, \$2.00. New York: D. Appleton and Company, 1916.

In some promising books on cost accounting which have appeared, an attempted summary of a great variety of opinion has left the reader at sea as to the opinion held by the writer. Scovell's treatise is clear and definite. On all the crucial points he states his opinion clearly and gives a reason for it. As a text in the classroom it would need amplification and discussion, supplemented by exercises and problems. It will, however, prove valuable for reference and classroom use as well as for the practicing accountant.

Among the controversial subjects which the author treats most fully are the subjects of Interest Charged to Cost, and Unearned Burden. He believes that interest should be charged to cost because this treatment proves useful both from the point of view of managerial policy and price setting. He believes in charging interest both on capital owned and borrowed, but he is not in favor of making separate charges for these two classes of interest. The offsetting credit for the interest charges is an account called Interest Charged to Cost. The rate for such an interest charge is to be set by the reasonable expectation of return from the capital if invested in high grade securities where no manufacturing or trading risk is taken.

The author would probably feel, however, that his chief contribution lies in his treatment of Unearned Burden. He works out a machine rate for all production centers on the basis of their operation for a standard number of hours each year. This standard is worked out on the basis of the experience of the plant. "But with a curtailment of production, resulting in idle equipment not used in production, there will be an accumulation of burden charges which is not charged to the cost of the product. This expense is known as unearned burden and is not properly a part of manufacturing cost, although it must be recognized in the determination of a proper selling price. . . . Unearned burden, known as a separate total, serves as a true barometer to indicate the effect of the industrial situation outside the shop on the business in question" (p. 176). Mr. Scovell would charge the unearned burden to the profit and loss account but not to the manufacturing account. The author indicates a significance of unearned burden for competitive costs. He has really laid the foundation for a complete and critical statement of competitive costs, but he does not perform this larger task. In the latter part of the book Scovell applies the principles he has developed to the accounting of several industries.

The work at once is both scholarly and practical, and should rank high among the books in this country on the subject.

SPURGEON BELL.

University of Texas.

WEBNER, FRANK E. *Factory Accounting*. Pp. xii, 345. Price, \$3.30, ppd. Chicago: La Salle Extension University, 1917.

Frank E. Webner's recent book entitled *Factory Accounting* forms one of the texts on higher accountancy of the La Salle Extension University. As it is generally understood, the primary use to which all of these texts are to be put is correspondence instruction. Perhaps a growing secondary consideration in offering them to the public is that they may supply a need, very real in some quarters, for satisfactory texts for school and collegiate instruction.

As should be the case, to carry out the purpose indicated above, the present volume is better adapted to its primary use, although providing a fairly satisfactory text for classroom use. Mr. Webner's broad experience in the field of practice makes him an authority as to what is needed for preparation for that line of work. Although he has been a frequent lecturer before many of the largest universities in the country, he does not realize, or, realizing, has not fully overcome all of the difficulties encountered when trying to present to students a difficult subject of which they know little from actual experience. However, in an effort to meet this difficulty the author has vitalized the book by an elaborate use of charts and illustrations which should bring home to the student the many intricacies of the subject if not, in all instances, clarifying the difficult points. The present day tendency to visualize everything by means of charts and graphs has led in a few places to a charting of things which do not lend themselves well to that method of presentation and so has cheapened the product. Fortunately, instances of this are not numerous in the present volume.

Mr. Webner's discussion of the human element is very good and calls attention to a subject which needs more attention than it generally receives.

The content of the book is sufficiently indicated by the four main divisions: Organization, Controlling Records, Industrial Classification, and Production Elements.

One acquainted with Mr. Webner's earlier volume, *Factory Costs*, misses in the present volume much of the well thought out and philosophic treatment of the troublesome problem of burden application so ably presented there. The difference in scope and purpose of the two books accounts for its omission from the present volume.

On the whole *Factory Accounting* is an able presentation of the subject of costs, is somewhat broader than the usual treatment, and should prove a satisfactory text for students.

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